

REMARKS

This Amendment and Request for Reconsideration is submitted in response to an outstanding Office Action dated September 30, 2008, the shortened statutory period for response set to expire on December 30, 2008. Since the date has expired we have attached a Request for Extension of Time and a check in the amount of \$130.00.

I. Status of the Claims

Please cancel claims 50-53 without prejudice and amend claims 1, 2, 5, 20, 24, 25, 28, 42, 46-49 and 54-61 as indicated above. Claims 1-49 and 54-61 are now pending in the application. Claims 1, 20, 24, 42, 46-49 and 54-61 are independent claims.

II. Rejections under 35 U.S.C. § 101

The Examiner has rejected claims 1-45 under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Applicants have cancelled claims 50-53 and have amended independent method claims 1, 20, 24, and 42 in accordance with the recent Federal Circuit holding of *Bilski*, and submit that as amended the claims are directed to statutory subject matter.

Claims 54-57 are directed to a **computer-readable medium** and claims 58-61 are directed to a **programmed computer**. Accordingly, claims 54-61 constitute statutory subject matter under *Bilski*. Withdrawal of the § 101 rejection is requested.

III. Rejections under 35 U.S.C. § 103

The Examiner has rejected claims 1-61 under 35 U.S.C. § 103 as being unpatentable over U.S. Patent No. 5,926,792 to *Koppes* in view of *Petzal* and further in view of U.S. Patent No. 7,143,061 to *Treynor*.

The Examiner relies on *Koppes* for disclosure of a stable return. The Examiner acknowledges that *Koppes* does not disclose a second return based on value of an established

index and value of a notional investment. *Petzel* is relied on for that feature. The Examiner also acknowledges that *Koppes* does not disclose adjusting the holdings of fluctuating return assets in response to a change in the second return. *Treynor* is relied on for that feature. As motivation for combining *Koppes* and *Petzel*, the Examiner argues that *Petzel* teaches that inclusion of these features would enable to create alpha and transport alpha onto the target by using swap contract. As motivation for combining *Koppes* and *Treynor*, the Examiner argues that *Treynor* teaches that inclusion of these features would enable to maintain a portfolio that is time diversified in the sense of absolute risk associated with the portfolio stays approximately constant over time.

Those stated motivations bear no relationship to the instant claimed inventions. First, transporting alpha as proposed by *Petzel* is not a feature of the claimed inventions. Second, maintaining absolute portfolio risk approximately constant over time, which the Examiner attributes to *Treynor*, is also not a feature of the claimed inventions. There must be some relationship to the claimed invention that supports the proposed motivation to combine references. Otherwise, the requirement that the Examiner show a motivation to combine references is meaningless and the Examiner can arbitrarily combine any references. The § 103 rejection should be withdrawn at least for this reason.

However, in the interest of advancing to allowance, the claims have been amended to more clearly recite the adjustment in holdings of fluctuating return assets that occurs in response to a change in the second return. As recited by independent claim 1, the holdings are increased when the second return exceeds the established rate and the holdings are decreased when the established rate exceeds the second return. In a non-limiting example, that feature of the claims is described in the specification at page 8, line 6 - page 9, line 9 and it is clearly missing from every one of the references cited by the Examiner. Independent method claims 20,

24 and 42 have similar features and are allowable for the same reason. Withdrawal of the § 103 rejection is requested.

IV. Request for Reconsideration

Applicants respectfully submit that the claims of this application are in condition for allowance. Accordingly, reconsideration of the rejection and allowance is requested. If a conference would assist in placing this application in better condition for allowance, the undersigned would appreciate a telephone call at the number indicated.

Respectfully submitted,
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